# Chapter 2.16
# Service Value Networks:
## Delivering Competitive E–Services

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## ABSTRACT

This chapter addresses service value networks as a key pathway to establishing and likely retaining future strong competitive positioning within a service industry sector. A service value network may be defined as "the flexible, dynamic delivery of a service, and/or product, by a business and its networked, coordinated value chains (supply chains and demand chains working in harmony); such that a value-adding and target-specific service and/or product solution is effectively, and efficiently, delivered to the individual customer in a timely, physical, or virtual manner." The service value network offers a future pathway for a business to develop its e-supply chain systems. It captures the contacting customer, and integrates the customer's (virtual e-customer, virtual e-business customer, or physical customer) demands via its virtual or Web site interface into its integrated downstream service networks, seeks solutions, and delivers the appropriate business solutions back to the customer. Value-enhanced business encounter solutions are readily deliverable for targeted customers. The procedure to research and develop a service value network is described.

## SERVICE VALUE NETWORKS

Service value networks offer a new business model and a new paradigm to service delivery mechanisms. They reconcile two conflicting, but concurrent, requirements of customers, namely to leverage economies of scale (from a diverse block of data storages), and to be able to deliver highly specific customized solutions (Brown & Vashistha, 2002). This service value network pathway is being driven by:

- Businesses—now requiring 'easy-to-implement' and 'value-proven' vertical or process-specific solutions, instead of generic 'capability-based', technical support.
- The drive towards core competency and competitive advantage.
- The requirements for holistic solutions—driving cooperation throughout the services value chains, and aiming to satisfy client demands.
- The desire for long-term (or more sustainable) competitive positioning.

The features from the previous chapter's models, when considered with other factors like customer demand-driven needs, wants, desires, and price point; supply side service feeds; the effect of the Internet, business strategic solutions; and technology options, along with their interrelated and interconnected links, can be drawn into a new topology model termed the Service Value Network Framework Model.
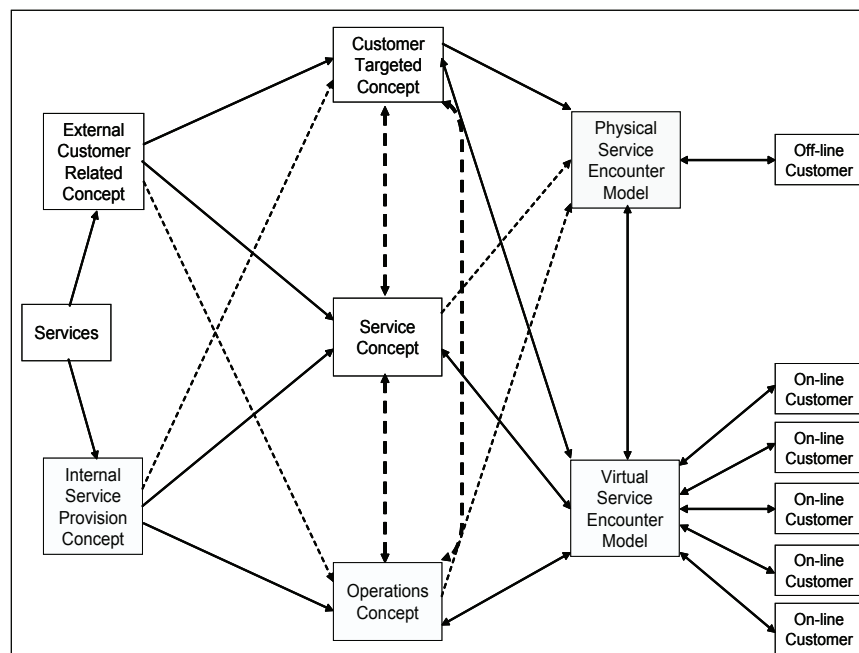
# SERVICE VALUE NETWORK FRAMEWORK

The service value network framework offers a topology approach from which the operational, services, and customer strategies of the business are drawn together as interconnected data-sharing models delivering unique customer services encounters—ones aiming to exceed customer expectations! This business system learns from its customer encounters (by storing and analyzing customer information gathered), and improves its services database offerings by developing new, or improved, upstream supply-side customer-driven solutions and housing these information sources ready for additional, or even more specific, customer encounters. This model is displayed in Figure 1.

This framework meshes with:

- Earlier works above.
- Other works (Hoffman & Novak, 2000; Chen & Wells, 1999; Biocca, Li, & Daugherty, 2002).

*Figure 1. Service value network framework (Source: Hamilton, 2004a)*

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